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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/775,751	02/09/2004	Owen H. Brown	BRWN 20.199A(021180-00055	8687
26304 7590 02/03/2009 KATTEN MUCHIN ROSENMAN LLP 575 MADISON AVENUE NEW YORK, NY 10022-2585			EXAMINER EBERSMAN, BRUCE I	
			ART UNIT 3691	PAPER NUMBER
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/775,751	<b>Applicant(s)</b> BROWN ET AL.	
	<b>Examiner</b> BRUCE I. EBERSMAN	<b>Art Unit</b> 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 12 November 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

Claims 1-16 presented. Applicant filed an amendment on 11/12/2008 amending independent claims 1,5,15,16. After careful consideration of the applicant's amendments and arguments, the Examiner maintains the grounds of rejection for claims 1,15, and changes the grounds of rejection of claims 5,16 in response to applicant amendments directed.

### ***Response to Arguments***

1. Applicant's arguments filed in regards to claims 1-16 have been fully considered but they are not persuasive with respect to claims 1, 15 and are moot in view of modified grounds of rejection in view of applicant's amendments to claims 5,16.

Applicant has addressed the following issues in the amendment of 11/22/2008.

1. 35 USC 101 – the examiner has withdrawn rejections under 35 USC 101 in response to the applicant's amendments to the independent claims.

2. 35 USC 112 1<sup>st</sup> and 2<sup>nd</sup> - The examiner has withdrawn the rejections under 35 USC 112 1<sup>st</sup> and 2<sup>nd</sup> as a result of applicant's amendment to the independent claims. However, new rejections under 35 USC 112 have been initiated as a result of applicants amendment to claims.

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Two escrow amounts or plurality of escrow amounts (16) are disclosed but, it is still not fully clear to the examiner what the second escrow account is for in view of the claims which are not fully consistent, see 1, 5, 15.

3. 35 USC 103A – The applicant has the following arguments in regards to claims 1, 15, 5, 16.

a. whether the cited references can be combined as obvious to one of ordinary skill in the art.

b. whether the combination discloses a netting of amounts in order to withhold from the credit card the total taxes due.

a. The examiner notes that each reference: Cretzler, Gryglewicz and Agee are all tax collection apparatus and mechanism's. One of ordinary skill in the art at the time of the invention would be aware of each and would know how to combine or intermix the concepts associated with each reference. One of ordinary skill in the art would be capable of combining the concepts and a motivation for each combination has been cited from within the reference's background.

b. In regards to the applicant's assertion that the amended claims are not netting the credit and cash amounts so as to result in impoundment of the delta, the examiner makes the following comments.

1. In regards to claims 1, 5, 15;

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., " a second escrow account, p. 8 of office action") are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Examine notes that in each of the independent claims 1,5,15, only one escrow account is claimed. Therefore applicant's arguments directed to more than one escrow account is moot.

Further Pursuant to 35 USC 103 (A ), while the examiner notes that Cretzler must net funds, though implicitly. Agee was cited for teaching this as an explicit reference. One of ordinary skill in the art at the time of the invention would be able to utilize the 3 cited references to incorporate escrowing by another party of the tax funds, and distributing the amounts owed to the taxing authorities.

2. In regards to claims 5,16, the examiner notes that the grounds of rejection have been altered to address amendment to those claims. However, essentially, the 3 references are compatible and teach the applicant's currently claimed invention. While the applicant appears to be claiming that netting and adding/subtracting among

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balances is unique, the concept claimed is the use of a tax escrow funded by credit card receipts. The added netting of Cretzler is noted along with Agee's explicit return of balances to the merchant after paying the taxing authorities.

The examiner notes that the independent claims 1,5,15, 16 while treated as being directed to sales taxes etc as the applicant defines in the spec and in some dependent claims, (ex. 9,13) the independent claims are broader and directed to any escrow amount for any purpose including tax collection.

### ***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1,5,8,9,10,11,12,13,14, 15 rejected under 35 USC 112 2<sup>nd</sup>.

Applicant's amendment to claims 1, 5, 15, created a first escrow amount implying a second escrow amount. Should there have been one or two escrow amounts? For the purposes of examination the examiner will assume that there is one escrow amount..

Claim 5, and all dependents, recite an escrow account, however, there is no recitation of a first escrow account in the claim, Therefore for the purposes of applying prior- art, the examiner will assume that only one escrow account exists.

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Claim 8, 9,10,11, 14 all refer to escrow funds and escrow amounts which will be treated as singular accounts.

***Claim Rejections - 35 USC § 103***

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-16 rejected under 35 U.S.C. 103(a) as being obvious over US Patent 5644724 to Cretzler in view of US Patent 6993502 to Gryglewicz in view of US Patent 6889200 to Agee.

As per claims 1,15 Cretzler discloses;

determining a first sales amount in the computer system associated with one or more non-credit/debit card ( claim 15 – cash ) transactions of the merchant during the closeout period; (Col. 4, lines 25-40, collecting data on all transactions)

determining a second sales amount in the computer system associated with one or more credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 40-45)

Cretzler does not explicitly disclose;

crediting a merchant account with an amount equal to the difference between the second sales amount and the first escrow amount.

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determining a first escrow amount in the computer system based on the first sales amount;

crediting an escrow account with the first escrow amount, and

Gryglewicz teaches;

determining a first escrow amount based on the first sales amount; (Col. 8, lines 45-55)

crediting an escrow account with the first escrow amount, and (col. 8, lines 45-55)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment system of Cretzler with the escrow teachings of Gryglewicz for the motivation of facilitating the automated payment of taxes to a variety of taxing authorities. (col. 1, lines 55-65)

Cretzler and Gryglewicz do not explicitly teach;

determining in the computer system whether the first and second sales amount exceeds the escrow amount; and when the second sales amount exceeds the first escrow amount,

crediting a merchant account with an amount equal to the difference between the second sales amount and the first escrow amount.

Cretzler (Col. 5, lines 55-col. 6, line 5), discloses paying taxes on both credit and cash based receipts.

Agee teaches central finance facility Col. 8, lines 55-65 which is funded via credit card receipts and further forwards taxes collected through credit/and or all transactions to



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taxing authorities. If the balance of the credit account was not sufficient to pay both the credit and cash based sales taxes amount, then, the payment would thus not be made in this manner and would come from a merchant account. (ie second account exceeds escrow amount is a verification that the credit card receipts can pay the tax escrow)

Therefore it would have been obvious to one of ordinary skill at the time of the invention to combine the credit and cash tax payment disclosure of Cretzler with the escrow and escrow teachings Hanna with the teachings of Agee whereby credit receipts are used to pay taxes due for both credit and non-credit transactions for the motivation of tax collection from merchants using automated systems (col. 2, lines 45-50)

As per claim 2, Cretzler discloses cash transactions.

wherein the one or more non-credit/debit card transactions are cash transactions. (col. 4, lines 15-25)

As per claim 3, Cretzler discloses credit transactions and checks . (col. 4, line 15-25)

As per claim 4, Cretzler does not explicitly disclose determining a payable an amount to be paid from the escrow account; and debiting the payable amount from the escrow account.

Gryglewicz teaches;

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determining a payable an amount to be paid from the escrow account; and debiting the payable amount from the escrow account. (col. 8, lines 40—60)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the payment system disclosure of Cretzler with the Escrow teachings of Gryglewicz for the motivation of facilitating automated tax collection to a variety of tax authorities. (col. 1, lines 55-65)

As per claims 5, 16, Cretzler discloses;

determining a first sales amount in the computer system associated with one or more taxable non-credit/debit card transactions (cash) of the merchant during the closeout period; (col. 4, lines 25-40)  
determining a second sales amount in the computer system associated with one or more taxable credit/debit card transactions of the merchant during the closeout period; (col. 4, lines 40-45)  
determining whether a third sales amount exceeds the first escrow amount; and when the third sales amount exceeds the first escrow amount. (col. 4, lines 25-40 and col. 5, lines 35-65, contemplates the service banking putting aside funds and paying the taxes)

Cretzler does not explicitly disclose determining a first escrow amount based on the first and second sales amounts.

determining a first escrow amount in the computer system based on the sum of the first and second sales amounts;

crediting a second escrow account with the first escrow amount, and crediting a merchant account with an amount equal to the difference between the third sales amount and the first escrow amount.

Gryglewicz teaches the use of escrow accounts to impound funds for tax collection purposes so as to directly route them from impound/escrow to the taxing authority. (col. 8, lines 40-65, plurality of tax types discloses, each with a potential escrow account)

It would therefore have been obvious to incorporate the escrow account teachings of Gryglewicz with the tax collection disclosures of Cretzler for the motivation of facilitating tax collection to a variety of taxing authorities. (col. 1, lines 55-65)

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While Cretzler and Gyglewicz do not explicitly disclose crediting the merchant with the remainders of the credit card funds after calculating the appropriate tax amounts and escrowing them, Cretzler teaches that the credit to the merchant (at the end of the taxing period ) is a net credit representing the sum of the payments made during the taxing period.

The examiner notes that Agee further teaches a 3<sup>rd</sup> party tax payment situation where the tax distribution information is forwarded to each of a plurality of taxing entity banks and forwards the remainder to a computer at the merchants bank. (other direction of netting, col. 8,9, lines 1-25, cash and cash substitutes are involved, col., 10, lines 45-60) It would therefore have been obvious to one of ordinary skill in the art to utilize the tax payment system of Cretzler which discloses netting transactions but, which is associated with sending the funds from the merchant to the bank and combine it with the teaching of Agee where the tax money is collected at a 3<sup>rd</sup> party bank location and the balance forwarded to the merchant account after payment of taxes for the motivation of automating and simplifying the collection and payment of taxes. (col. 2, lines 45-55).

Claim 16 differs from claim 5 in that it uses a plurality of escrow accounts. As such, the combination of Cretzler, Gryglewicz and Agee would anticipate claim 16, as, all disclose multiple tax authorities. Gyglewicz teaches one or more escrow accounts, which could be used in a variety of manners to impound taxes for tax authorities

As per claim 6, when the second and third amount are equal, the total credit sales are taxable. The rejection rationale would be the same as, claim 1.

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As per claim 7, when the third sales amount is the equal to the sum of the second sales amount and a fourth sales amount associated with one or more non-taxable credit/debit card transactions of the merchant associated with the closeout period, the same methodology of claim 5 would be applicable, as anticipated by Cretzler, Gryglewicz and Agee.

As per claim 8, Cretzler does not explicitly disclose the user of a tax escrow account. Gryglewicz teaches; determining a payable amount to be paid from the escrow account; and debiting the payable amount from the escrow account. (col. 8, lines 40-60). It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the disclosures of Cretzler and the escrow account teachings of Gryglewicz for the motivation of improved tax collection form merchants using automated systems. (col. 2, lines 45-50)

As per claim 9, Cretzler discloses a variety of taxing authorities in the context of merchandise taxes which could be local, state or federal tax type collections (col. 5, lines 50-60).

As per claim 10, Cretzler discloses taxing authority in the context of use taxes. Use of a predetermined percentage of one or more of the first sales accounts would be applicable if all items were taxable at the same rate. As such, Cretzler discloses

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applicability for restaurants which will often tax at a fixed rate for all purchases. (col. 5, lines 40-65).

As per claim 11, Cretzler discloses a variety of taxing situations including grocery stores, gas stations, which might require special predetermined percentages of tax depending on which the tax codes. (col. 5, lines 35-65)

As per claim 12, Cretzler discloses merchant tax rates. (col. 5, lines 35-65)

As per claims 13, 14 Cretzler and Gryglewicz do not explicitly disclose an increased over the merchant rate to facilitate the payment of back taxes or other debts. Agee teaches predetermined rules which can be altered to collect back taxes to one or more entities or to collect taxes for a variety of entities. (col. 5 lines 50-60)

It would therefore have been obvious to one of ordinary skill in the art at the time of the invention to combine the tax payment disclosures of Cretzler with the motivation of flexibility in accommodating a variety of taxing authority requirements in a system of tax withholding and payment (col. 3, 1-10) 3

***Conclusion***

2. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Alexander Kalinowski/  
Supervisory Patent Examiner, Art Unit 3691

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Examiner  
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